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# Trade union participation in CSR deliberation: an evaluation

Geraint Harvey, Andy Hodder and Stephen Brammer

## ABSTRACT

Whereas there has been considerable interest in the concept of political corporate social responsibility (CSR), trade unions have been largely omitted from such scholarly discussion. This article explores the potential of trade unions as the other in political CSR and the contribution of trade unions to deliberative democracy with the firm. We discuss the importance both of the legitimacy and the efficacy of the other in political CSR. We proceed to assess trade unions as legitimate and effective deliberative partners with the firm towards CSR, evaluating the contribution of trade unions to deliberative democracy and also the potential outcomes for trade unions in adopting this role.

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## 1 INTRODUCTION

Holding contemporary corporations to account for their social and environmental impacts presents increasingly complex problems, as recent examples of corporate irresponsibility demonstrate (e.g. the Volkswagen emissions scandal, Deep Water Horizon, Rana Plaza Collapse) (see Treanor, 2015; Barron, 2012; Reinecke and Donaghey, 2015). The geographic scope, technological uncertainty and multiple layers of governance associated with many social and environmental issues make attributing and enforcing accountability extremely challenging (Ramasastry, 2015). Such challenges present particular problems for government regulatory agencies whose role in defining and enforcing appropriate business conduct has been fundamentally undermined by the growth of global economic transactions that are often conducted beyond the legislative ambit of the nation state, so that the nation state ceases to be the 'legal and moral point of reference' (Scherer and Palazzo, 2011: 905). Difficulties in regulating responsible conduct are especially profound in relation to multi-national companies (MNCs), which have been subject to particular scrutiny in relation to their global social responsibilities (Baumann-Pauly *et al.*, 2013). In response, there has been an increase in the range of business and civil-society led approaches towards improving social responsibility including self-regulatory, partnership and collaborative approaches (Campbell, 2007). The growth of these phenomena raises significant questions regarding the composition, organisation and effectiveness of alternatives to formal

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regulation, and of the potential and limits to such approaches to holding large, MNCs to account.

The concept of political corporate social responsibility (CSR), developed by Scherer and Palazzo (2007, 2011), provides a locus for the argument we present in this article. Political CSR is proposed in response to the view that the nation state is no longer a sufficient creator and enforcer of the 'rules of the game' by which businesses must play. The MNC ensures that CSR is now a global phenomenon. It is the MNC that is well placed to contribute to CSR because 'involvement of private and public actors may help to better consider the involved interests, to combine the best available knowledge and resources, and to enhance the capacity to enforce standards or to implement policies' (Scherer and Palazzo, 2011: 910). The incorporation of corporations into the processes through which socially appropriate business conduct is determined also addresses the difficulty of enforcing 'hard law', because MNCs are likely to be inclined to participate in and adhere to outcomes so as to demonstrate their moral legitimacy in a climate where both cognitive and pragmatic legitimacy have diminished (Scherer and Palazzo, 2011: 916). Significantly, moral legitimacy is demonstrable in the extent to which decision-making is based on discourse so that policy is the product of 'forceless force of the better argument' (Scherer and Palazzo, 2011: 916).

Central to political CSR is the participation of actors with the capacity and moral authority to hold business to account in processes of deliberation. While discursive resources are of primary importance within deliberative processes, there is some recognition that moral legitimacy might be insufficient to ensure that deliberative outcomes are held to in practice. For example, in their discussion of the moral legitimacy of the non-governmental organisation (NGO) as a deliberative partner in political CSR, Baur and Palazzo (2011: 592) acknowledge that the NGO must occasionally resort to using 'more common weapons of the political area if they encounter unfavourable circumstances such as hostility of powerful actors'. We argue that the ability to effectively use 'non-discursive methods' in the face of resistance from powerful MNCs (i.e. the efficacy of partners in deliberative processes) does not necessarily undermine the legitimacy of such partners in deliberation. Specifically, we propose that political CSR requires of the firm that it engages in deliberation with both a *legitimate* and *effective* deliberative partner. Therefore, an important contribution of this article is the distinction that is made between the legitimacy and the efficacy of the deliberative partner(s) that engage with the firm in the deliberative processes that generate political CSR. The process of deliberation between firm and its deliberative partners in relation to political CSR provides the point of departure in this article as we critically evaluate the potential role of trade unions in relation to deliberative processes that encourage more responsible business conduct.

The role played by trade unions in CSR is an area of study that is underdeveloped, and whilst there are welcome related contributions, these are largely exploratory and empirical in character (see Preuss *et al.*, 2015). For example, research concerned with CSR and unions has explored union and other stakeholder perceptions of how unions might contribute to CSR (Delbard, 2011), considered the way in which union involvement has shaped business responses to various issues with mixed results (Egels-Zandén and Hyllman, 2006; Fredricksson and Gaston, 1999; Rassier, 2006) and set out a manifesto for future research on union contributions to CSR (Preuss *et al.*, 2006; Preuss *et al.*, 2009). A major gap in research on trade unions and CSR is the absence of nuanced conceptualisations both of the *potential* for and *limitations*

of union involvement in CSR. In response, we conceptualise the potential role of unions in CSR through the lens of deliberative democracy.

## 2 DELIBERATIVE DEMOCRACY AS A FOUNDATION FOR POLITICAL CSR

For some time now, scholars have questioned the *appetite*, if not the *ability*, of certain countries to ‘tame the activities of MNCs’, for example, through the introduction of ‘legal measures that may inhibit corporate investment or may cause MNCs to relocate to more hospitable countries’ (Shamir, 2004: 637; see also Graham and Woods, 2006). Moreover, scholars have pointed to the inadequacy of national institutions and regulations to deal with the scale and growth of cross-border economic transaction and movement leading to ‘governance gaps’ (Marginson, 2016: 1035; see also, Voegtlin and Pless, 2014). In sum, the ‘law and the state apparatus are insufficient means for the integration of business activities with societal concerns’ (Scherer and Palazzo, 2007: 1101) and that ‘neither nation-states nor international institutions alone are able to sufficiently regulate the global economy and to provide global public goods’ (Scherer and Palazzo, 2011: 900).

Consequently, new institutional, multilevel, arrangements have emerged and operate concomitantly with established institutions (Marginson, 2016). For instance, firms are contributing to and operating in accordance with civil regulation or ‘private, non-state, or market-based regulatory frameworks’ (Vogel, 2007: 5) in order to ‘compensate for some of the shortcomings of national and international state governance’ (Vogel, 2007: 4). Whereas civil regulation usually involves non-business constituents, and specific standards are introduced in response to pressure from an external source such as consumer sanction, civil regulation is invariably influenced by the motives of senior management ‘whose stakes may be ethically questionable’ (Scherer and Palazzo, 2007: 1099). In response to this, Scherer and Palazzo propose *deliberative democracy*, whereby ‘the legitimacy of a political decision rests on the discursive quality of the decision making’ (Scherer and Palazzo, 2007: 1107) so that legitimate decision-making is based on discussion with collective associations such as NGOs. In the absence of sufficient national and international legislation, political CSR arguably ensures a check on the interests of the firm whose agents must justify its policies in the course of deliberation with deliberative partners or else change them. The democratic credentials of particular deliberative partners are of paramount import, and therefore, legitimacy emerges as a first criterion for the assessment of the normative appropriateness of possible deliberative partners within deliberative democracy.

Deliberation should be rational and free from the influence of force or coercion and the outcome determined by reason and the power of the better argument. In principle, coercion is anathema to deliberative democracy, which is based on the ‘uncoercive force of reason’ (Ott, 2012: 578). However, that reason determines the outcome of discussion is compatible with the use of coercion *post* deliberation in order to ensure that the outcome of deliberation is manifest in policy decisions. Indeed, this may be necessary where there is an asymmetry of power between the parties in deliberation and where the outcome of deliberation contradicts the interests of the more powerful group. Therefore, partners in deliberative processes must also be effective in ensuring that the outcomes of the deliberative process are realised.

In the absence of efficacy to ensure adherence to the outcome of deliberation, there is the possibility, if not probability, that policy decisions are nonetheless based on

specific interests (of the powerful). Political CSR pits the might of the MNC (themselves ‘disturbingly powerful lobbies’, Crouch, 2009: 52), against others in the global economy where the former ‘occupy a more directly regulatory role’ (Crouch, 2009: 50). Coercion as a means of imposing one’s will is clearly at odds with deliberative democracy; however, post hoc coercion so that the outcomes of deliberation are reflected in policy is critical to political CSR. It is therefore important that deliberative partners involved in political CSR can exert pressure on the MNC independently of the formal regulatory system so that the policy outcomes of deliberation better reflect the process of deliberation. The next section evaluates the trade union according to the criteria of suitability for participation in political CSR.

### **3 CSR DELIBERATION: LEGITIMACY, EFFICACY AND THE TRADE UNION**

The argument that trade unions are important stakeholders in the CSR and ethical strategies of the firm has been made elsewhere (see for example Brammer *et al.*, 2012; Campbell, 2007; Rhodes and Harvey, 2012; Yu, 2009). It is important at this stage to define what we mean by the trade union. After all, there is considerable and persistent diversity: in the nature of trade unionism both internationally and intra-nationally (see, for example, Gumbrell-McCormick and Hyman, 2013); in different strategies towards management, for instance militancy or moderation (Kelly, 1996); and indeed in approaches towards members, as encapsulated in the servicing and organising debate (Heery, 2002: 27).

It is worthwhile to provide a preliminary contrast of the position of trade unions vis-à-vis other actors with a stake in firms’ CSR practices. Existing research tends to juxtapose ‘internal’ (‘primary’ or ‘normative’) stakeholders such as employees, customers and investors with ‘external’ (‘secondary’ or ‘derivative’) stakeholders such as community groups, NGOs and the media (Laplume *et al.*, 2008). Internal and external stakeholders differ in important respects in the extent and specificity of the resources they have contributed to the firm, the extent to which they have assets at risk in the firm, and thus the legitimacy of their interest in the direction of the business (Phillips, 2003). Trade unions occupy a distinctive position in this landscape of stakeholders in that they are at once and the same time internal stakeholders (a significant stake in the success, continuity and growth of businesses, formalised channels of voice and interaction) and external stakeholders (formal/structural independence from the firm, contrasting interests with the firm in some areas, somewhat narrower issue/advocacy interests). As CSR involves navigating a balance between various forms and domains of responsibility (Schwartz and Carroll, 2003), we argue that trade unions are well placed to encourage pro-social business conduct that is mindful of economic imperatives for business success as well as avoiding the excesses of some extreme single-issue activists. Given the myriad differences between unions, our analysis is largely based on a normative account of the trade union and focus on the unifying themes of trade unionism, that trade unions are independent from the firm, principally motivated to represent workers’ interests and committed to democratic internal processes (see Hodder and Edwards, 2015).

#### **3.1 Legitimacy of the trade union**

The legitimacy of the partner in the deliberative process is of paramount importance both in general and specifically in relation to establishing norms of conduct in respect

of social and environmental issues. Legitimacy is in large part a matter of perspective (Chaison and Bigelow, 2002; Dussel, 2013; see also Koch, 2015: 13). Widespread absence of trade union recognition and employer hostility towards trade unions (see Cullinane and Dundon, 2013) demonstrate the perspective of corporations towards trade union legitimacy, while the Trade Union Act (2016) exemplifies the perspective of the current Conservative government in the UK. However, our concern here is not to consider the legitimacy of the trade union per se, but the legitimacy of the trade union to be involved in deliberation over CSR. As such, we consider the democratic nature of trade unionism, the broader social contribution made by the trade union and the presence of incentive alignment that illustrate the positive role that unions might play in relation to CSR.

Trade unions are democratic organisations whereby the will of the membership is expressed through ballot on all issues such as the representatives and leadership. Criticism of trade union susceptibility to the ‘iron law of oligarchy’ has been refuted theoretically (Gouldner, 1964; Kelly and Heery, 1994), while the ‘iron law of democracy’ has been demonstrated by trade unions in the UK (Evans *et al.*, 2012). Trade unions are both democratic agents and agents of democracy (see Erman, 2013) in that they provide a countervailing force to absolutism in industry, which can lead ‘to a number of pernicious and socially injurious outcomes’ (Kaufman, 2000: 189). Or as Erne puts it, trade unions ‘also consolidate political democracy by holding corporations accountable when they subject citizens, as they frequently do, to autocratic rule in the production process or colonize the democratic process by pecuniary means’ (Erne, 2008: 1).

It has been argued that although well placed to represent their members, trade unions are not legitimate representatives of the interests of people beyond the firm. In other words, there is a basis for the ‘validity of [trade union] voice on issues affecting their members—but not other issues’ (Bendell, 2006: 38). However, unions are also responsive to broader social concerns (see Hyman, 2001). For example, trade unions in the UK have worked closely with Amnesty International since the late 1970s not only collaborating on campaigns concerning persecuted trade unionists, but also in support of broader social issues such as child labour (Myrstad, 1999), Chinese democracy in the 1990s, and human rights in Columbia and other countries (see Heery, 2009: 32–33). More recently, trade unions have been integral to the Living Wage campaign in the UK—the impact of which extends beyond the confines of trade union membership (see Heery *et al.*, 2015: 21).

We also point to the incentive alignment between firm and trade union in CSR deliberation. It is perhaps understandable that CSR is less likely where firms are experiencing poor financial performance and where the prospect of ‘near-term profitability is limited’ (Campbell, 2007: 952). Indeed, it might be argued that adherence to CSR objectives in such an environment would ultimately lead to socially undesirable consequences, for example, cessation of operations resulting in unemployment. Moreover, governmental appetite for CSR legislation is inhibited during economic crises because of any detrimental impact on economic recovery and the ability of the firm to compete. There may be reticence and indeed resistance to enacting legislation that imposes strictures on firms.

Negotiation with a trade union, on the other hand, permits flexibility in response to societal demands. The trade union as steward of CSR continues to press the firm towards social and public goods, but is also well placed to understand the idiosyncratic [financial] pressures faced by the firm on occasion and to permit the



temporary redirection of capital, which might include investment in CSR, in order to ensure the survival of the firm (arguably, a high ranking public good in terms of those employed within the firm). Ultimately then, the trade union can ensure that whereas the duration of the journey towards CSR may be longer and the direction of travel circuitous, the destination (CSR) does not change.

### 3.2 Effectiveness of the trade union

Whilst we have established that the trade union is independent from the firm, it is also internal to it. After all, union members, where such exist, comprise a proportion of the workforce that participates in and contributes to the performance of the firm. Therefore, in terms of CSR, the efficacy of the trade union can be expressed both within the firm (internally) and beyond the firm (externally) and understood according to two dimensions: communication and mobilisation (see Figure 1). An example of internal communication is the channelling of CSR information between management and the employee, raising concerns expressed by employees to management for consideration and conveying managerial response and strategic decisions to employees. In this regard, the trade union can be seen by management as ‘more of a lubricant than an irritant’ (McCarthy and Parker, 1968: 56). Collective voice is critical to the success of the firm for two very good reasons: first, that effective voice leads to participation and a beneficial impact on quality and productivity, and second, that it highlights problems that might otherwise fester or ‘explode’ if unaddressed (Dundon *et al.*, 2004: 1151). The trade union is already well situated to engage in deliberation given that its primary function is to negotiate with management on behalf of its members. As an internal voice mechanism, the trade union not

	Internal	External
Communication	Bargaining: consultation and negotiation	Monitoring/publicising: activity and raising awareness of incidence of ‘greenwashing’
Mobilization	Coordination: of workers around issues of injustice towards enforcing change internally	Coercion: pressure for governmental and other intervention to assuage extreme malfeasance

Figure 1: Dimensions of trade union voice efficacy

only deliberates over CSR policy with senior management, but offers an effective conduit within the firm between the employees and management via which employees can raise ethical concerns without fear of reprisal, 'providing a safe route for workers to report non-compliance' (Ethical Trading Initiative, 2010: 1), that might otherwise not result from individual/direct communication.

The trade union is distinct from the firm and unencumbered by the organisational constraints to which the HR function is beholden (see Collings and Wood, 2009: 5; Rhodes and Harvey, 2012; Purcell and Ahlstrand, 1994). Nevertheless, it is sufficiently engaged to observe the activities of the firm and to act proactively to influence decision making, challenging the prerogative of the agents of capital through collective voice, thereby potentially achieving 'what the lone voice could never do' (Prosser, 2001, cited in Dundon *et al.*, 2004: 1151). To be clear, the trade union is well placed to monitor and respond to activities that contradict agreements reached through deliberative process, but also to challenge activities undertaken by the firm that have not featured for discussion during this process but which are socially irresponsible. We elaborate on this point by adapting Gemmill and Bamidele-Izu's (2002) framework for civil society engagement with environmental governance. Through its involvement in the firm, the trade union has access to information that it is able to collate, analyse and subsequently present to management, its members and stakeholders outside of the firm. It is able to advocate for justice in the workplace and beyond, and influence firm policy towards this end. A broadly similar point is made by Dicken (2009: 6) of trade unions as 'effective positive mediators' of regulation within the workplace. In so doing, the trade union is able to mitigate against negative employee attribution by acting as an effective and reliable source of communication of the purpose of CSR, thereby avoiding the problems created by ineffectual communication (Du *et al.*, 2010). Thereafter, it is able to closely monitor firm compliance with the CSR objectives set in a way that a wholly external organisation cannot.

Unlike external organisations, the trade union is omnipresent through its members and therefore positioned to observe and announce instances of 'greenwashing' or 'corporate citizenship façade' in order to oppose resolute miscreant managerial intent. The ability of any independent organisation to monitor the performance of the firm is questionable. Royle (2010: 16) refers to this as the 'spotlight phenomenon' and exposes the problems of such monitoring as both 'roving and random' (Royle (2010: 16); 18) as when one organisation is under the 'spotlight', another may be free to behave as it wishes. In contrast, trade unions are well placed to identify non-compliance, 'coordinating workers to monitor workplace practices' (Ethical Trading Initiative, 2010: 1).

If communication is insufficient in challenging corporate malfeasance, then the trade union is able to resort to internal or external mobilisation of stakeholder support. For example, in articulating the particular 'injustice' as a means of inspiring collective action (see Kelly, 1998: 27), the trade union is able to mobilise the membership to impose sanctions on the firm. It is very difficult for senior management to 'legitimate their actions' according to rules (of law) or employee complicity (as wage taking participants) and yet more so in relation to beliefs about fairness (Kelly, 1998) when activity fundamentally contravenes the most rudimentary shared notions of fairness. If it is unable to prevent miscreancy on the part of the firm through internal mobilisation, then the trade union might exert its political influence (external mobilisation) by drawing attention to geographically specific instances of corporate



malfeasance to which the MNC is more susceptible (Scherer and Palazzo, 2011). Externally, the trade union can communicate with the wider polity (Erne, 2008), disseminating findings of its continuous monitoring of the firm so as to prevent instances of 'greenwashing'. Where the trade union is unable to constrain managerial prerogative that might result in societal harm, it has the potential to mobilise political action.

A final point to be made here is that the trade union is well placed to strive against and respond to 'unintended effects' (Edwards, 2015a) of action taken, such as campaigns by the NGO and consumer sanction such as buy-cotts. Neither of these actors is embedded within the firm, and neither is especially well suited to influence the form that the corporate response takes. In contrast, through its representatives and in negotiation with management, the trade union may moderate the impact of the corporate response on the most vulnerable, for example, by engaging in concession bargaining.

#### **4 CSR DELIBERATION: DEFICIT OF AND DOWNSIDES FOR THE TRADE UNION**

We argue above that the trade union represents a legitimate partner in deliberation with the firm towards CSR because it offers the opportunity for inclusion and participation to its members, whose interests represent those of wider society as the members comprise in part the *demos*. That said, there may be a stark contrast between the interests of people as workers and as citizens and that 'these terrains of interest may be in tension with each other' (Edwards, 2015b: 179). Put another way, 'moral judgements are always understood and expressed in a relativistic manner' (Lukes, 2008: 25). Consequently, the trade union representing worker interests may *have* to work with employers (and their CSR practices) in sectors including tobacco (Fooks *et al.*, 2011), tourism (Camilleri, 2014), arms (Cole, 1923; Donnelly and Scholarios, 1998), nuclear power (Räthzel and Uzzell, 2011) and the extractive industries (Mutti *et al.*, 2012). In such sectors, there is arguably limited alignment between the interests of the worker, as represented by their trade union, and wider society (see Vachon and Brecher, 2016). As these sectors are associated with significant wider social and environmental externalities, this perhaps suggests a boundary condition to the capacity of unions to promote beneficial wider social and environmental outcomes. However, that an industry has such externalities does not preclude it from contributing in socially responsible ways that do not run contrary to the purpose of the firm. Trade unions representing workers in tobacco firms, for example, might press the firm for social responsibility in climate change or child poverty.

It has been suggested that the members of trade unions are primarily of a particular type, far from the cosmopolitan blend of the societies in which they are based, that is, 'pale, male and stale' (Simms *et al.*, 2013: 20). For some time now, scholarship has pointed to the failure of trade unions to attract younger workers (Hodder, 2014), and unions are still struggling to comprehensively engage with an ever increasing number of precarious workers (Heery and Abbott, 2000; Standing, 2011). Nevertheless, there is certainly evidence that trade unions are pursuing a strategy towards broadening their remit in order to encourage diversity in membership and achieving aims and objectives that have a broader societal impact (Frege and Kelly, 2004). Take, for instance, recent union strategies of engaging with local interest groups towards achieving societal goals at a macro level (and also to increase union membership), commonly referred to as community unionism (McBride and Greenwood, 2009), or, as stated above, trade union engagement with global pressure groups

(e.g., social movement unionism) to achieve the same ends, albeit at a macro level (Robinson, 2000; Heery, 2009).

As for efficacy, the decline in trade union membership across the globe (Visser, 2006) undermines the argument that trade unions are able to coerce management to accept the outcomes of deliberation in their CSR policies. Certainly, this trend indicates a diminution in the associational power of the trade union (Wright, 2000) and its ability to coerce management through traditional industrial relations channels.

We now turn our attention to the important question of whether engagement in CSR deliberation is appropriate for organised labour. We do this by (i) briefly exploring whether involvement in CSR deliberation is consistent with the economic objective of organised labour and (ii) considering the possible implications of trade union involvement in CSR, namely in terms of members' reactions.

For instance, it has been argued that unions exist 'not to provide workers with an exercise in self-government' (Allen, 1954: 15) but 'for the purpose of protecting and advancing the members' economic interests in connection with their daily work' (Cole, 1952: 13), 'regardless in general of political and social considerations, except in so far as these bear directly upon its own economic ends' (Hoxie, 1923: 45). Subsequently, one might question whether the trade union is able to accommodate this economic function whilst concurrently applying pressure on the firm to provide social goods beyond those that benefit the membership.

Research has shown that the trade union can be effective in the representation of its membership and also in exerting 'a major egalitarian influence on the British labour market' (Metcalf *et al.*, 2001: 74), thereby meeting the duality of what Flanders (1970: 15) identifies as representing 'vested interests' and acting as a 'sword of justice', albeit in a narrow sense with regards to the latter. Engagement in CSR requires a broader remit of the trade union than the national labour market, that is, the nature and extent of injustice with which it must concern itself is much greater. Consequently, in endeavouring to meet the new demands incumbent upon it, the trade union may be less able to represent the interests of its members. For instance, CSR in relation to climate change—'a problem of production and consumption' (Ajl, 2009)—presents a conundrum as it juxtaposes the trade union's objectives of achieving vested interests, that is, increasing production and labour, with its commitment to the environment, resulting in the very opposite. More generally, resources are finite, and it is not hard to conceive of a situation wherein management presents the trade union with a zero sum game whereby financial commitment to CSR or financial commitment to the workforce are offered as alternatives.

In extremis, two outcomes are possible. First, there is the possibility that involvement in CSR deliberation might precipitate a decline in membership due to disaffection by the move away from its traditional function of representing the interest of members towards a stewardship of societal interests. Given the decline in trade union density across the globe, involvement in CSR deliberation is then potentially damaging to the labour movement. In contrast to this ominous perspective, there are grounds for optimism for involvement in CSR deliberation to revitalise trade union membership if the new 'collective action frame' (Gahan and Pakarek, 2013) has greater resonance with the views of individuals formerly either indifferent to, or antagonistic towards, trade unions. Such a reframing of trade unionism opens the door to opportunity as well as threat, by demonstrating the relevance of trade unionism to those who might otherwise feel that trade unions are irrelevant for them (see, for example, Heery and Conley, 2007: 13).

A second point is whether a wider role for unions in promoting CSR is more appropriate for certain trade unions than for others (inter-union suitability), or whether it is more appropriate for certain distinct occupational groups within trade unions than for other union members (intra-union suitability). If indeed it is the case that certain unions or certain occupational groups fit the role better than others, then any involvement in CSR becomes highly divisive and problematic at a macro level and thus the implications for the labour movement more generally require careful consideration. Moreover, trade unions are more likely to participate in CSR where there is legislative underpinning for trade union involvement, as in coordinated market economies (CME) (Preuss *et al.*, 2006). Therefore, the trade union that pursues this strategy in a liberal market economy, without the legislative support found in CMEs and without understanding the effect of such a strategy on membership density does so at a considerable risk.

## 5 CONCLUSION

This article responds to the burgeoning debate on political CSR that advocates for the MNC to play a more active and political role in CSR due to the limitations of legislation to constrain the behaviours of firms operating beyond the domestic context. At the heart of political CSR is a deliberative democratic process between the firm and broader stakeholder groups in order to determine CSR based on reasonable and logical discussion. This article makes several contributions to this debate by integrating the fledging study of trade union involvement in CSR. First, we use the political CSR debate to provide a theoretical framework for understanding the role of trade unions in CSR and document the legitimacy of the trade union to partner the firm in deliberative democracy towards CSR. Whereas the focus of scholarship has been on the legitimacy of the partner in deliberative processes, we highlight that because of inevitable asymmetries in power in these relationships, that is, dominance of the MNC, the efficacy of deliberative partners is critical ensuring that the outcomes of deliberation are realised in policy and practice. We establish the legitimacy of the trade union in deliberation with the firm according to the democratic nature of trade unionism (both an agent of democracy and a democratic agent), the embeddedness of unions within institutionalised voice channels and the presence of incentive alignment contribute considerably to the positive role that unions might play in relation to CSR. Moreover, a second contribution made in the article is in its discussion of the importance of efficacy in deliberative democracy. We argue that the partner to the firm must not only be legitimate in order to represent the interests of the demos that often contradict those of the firm, but also effective in ensuring that the outcomes of deliberation are manifest in policy. Simply put, for this kind of deliberation to work, even within firms with the most sincere and enlightened management, there must be a powerful incentive for the firm to commit to a course of action that goes beyond a sense of moral obligation and is potentially antithetical to the traditional (or neo classical) purpose of the capitalist organisation. To be sure, any partner with which the firm engages in deliberation must have both a perspective that is contrasting with and independent of that of management (in order to arrive at action that reflects the views of stakeholders other than senior management), but also be effective in monitoring compliance with agreed initiatives and be capable of taking effective action in the event of noncompliance. The efficacy of the trade union is presented herein as the ability to communicate with and mobilise stakeholders

both within and beyond the firm. Finally, the article analyses the potential and pitfalls of trade union participation in CSR deliberation. Disaffection with this revised strategy among members of trade unions might be damaging to the labour movement. The uncertainty over member reaction to this new role for their representations ensures that adoption of such a strategy is something of a gamble. Nevertheless, by wielding the 'sword of justice', trade union involvement in political CSR has the potential to attract members who would otherwise eschew trade union membership.

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